

## MUTILATED COINS.

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MARCH 2, 1897.—Referred to the House Calendar and ordered to be printed.

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Mr. FAIRCHILD, from the Committee on Coinage, Weights, and Measures, submitted the following

### REPORT.

[To accompany H. R. 7707.]

The Committee on Coinage, Weights, and Measures have had under consideration the bill (H. R. 7707) to maintain and protect the integrity of the coins of the United States, and report the same with the recommendation that it do pass.

It seems that the rule of the Department (Treasury) is that United States notes, fractional currency notes, gold and silver certificates, and Treasury notes, are redeemable by the Treasurer, no matter if fragments of the said notes are missing. Indeed the United States Government protects its name on all of its paper issues, time or demand, and its duty is equally imperative as to its metallic issue. With its silver coins it occupies the anomalous position of placing these coins in the same category with foreign coins.

If a silver coin is presented which happens to have a hole in it the size of a pin head it is refused redemption at the Treasury Department by reason of the rule. Even a legal-tender silver dollar, which every person is bound to accept in payment, is dishonored at the Treasury of the United States if it happens to have initials stamped thereon.

This bill provides that no loss whatever shall be entailed on the Government, but that the last innocent holder shall not lose more than the coinage value of the metal abstracted.

The inducement to clip or punch coin for profit is removed with the lesser value of the bullion in the coin, although under the present rule of the Department the loss to the innocent holder is correspondingly increased. It will be observed that the holder can not gain anything by taking a punched coin to the Treasury for redemption. Under the provision of this bill he will lose the coinage value of the missing metal. For in order to have it redeemed (which can be done only when presented in multiples of \$20) the deficit in weight must be turned into the Treasury at its mintage value. Thus, if \$20 was taken to the Treasury for redemption and it was found that it was short in weight by reason of being clipped, burnt, mutilated, or punched, 412½ grains of standard silver, equal to \$1, then the party presenting the coins for redemption could not pay to the Treasury 65 per cent of 412½ grains, or, say, 268 grains of standard silver, but he must pay the Treasurer \$1.

It is, however, claimed that the Department will be annoyed. If this be true, it is better that it should be so than that the citizens of our country, innocent holders of these coins, should be constantly subjected to loss. The credit of our Government should be maintained

inviolable. It is in honor bound to protect every piece of money issued to the people by its authority. No discrimination is made in this between the metals. It establishes uniformity in the treatment both gold and silver.

The present rule (for it is only a rule), discriminates against silver coins and works a hardship peculiarly on the laborer, small dealer, and farmer, who receive money in small sums and whose principal medium of exchange is subsidiary silver and standard silver dollars, and a great many of whom if they are not experts can not detect the slight punching and mutilation which so often occurs.

It has been urged that to remove the present arbitrary rule would encourage clipping and punching and mutilation, etc. The above suggestions are a complete answer to this objection.

It has been said that some person will clip it in order to pass it to some unsuspecting person, and thus he would make clear the amount extracted and the last innocent holder will have to lose it. Is this not true, also, of gold under the rule regulating its redemption?

It is said national banks oppose this bill because it would be some annoyance to them. Not one of them need take a single coin so punched and nothing in the law requires them to change their present status in any particular with regard to these coins.

This bill corrects an obvious injustice without a cent's loss to the Government or to the banks, and simply provides a means of preventing a loss to poor people in the main, who are entitled to that protection from coins issued containing bullion of less value than the coinage value which protection can be afforded them only by their Government when it issues such coins, and without injury or prejudice to any business, corporation, or individual in the broad expanse of the United States.



## VIEWS OF THE MINORITY.

The Committee on Coinage, Weights, and Measures, to whom was referred the bill (H. R. 7707) to maintain and protect the integrity of the coins of the United States, having had the same under consideration, and having directed the same to be favorably reported, a minority of your committee would recommend that it do not pass, and for the following reasons:

The alleged purpose of the bill is to provide that all clipped, mutilated, punched, or burnt coins issued by the United States shall be redeemed by the United States Treasury at their coinage value, deducting only therefrom the coinage value of the metal taken from said coins by such mutilating, clipping, punching, or burning. The present regulations of the Treasury Department provide that such coins shall only be received at their bullion value, and this is the custom with all civilized Governments, the intention of this regulation being to cause the person mutilating such coin to suffer a material loss therefrom and thereby deter such evil-minded persons from such mutilation. The experiences of the Department demonstrate the efficiency of this regulation.

Those accustomed to handle silver coins will no doubt remember that some ten years ago the country was flooded with punched coins, the opening being often skillfully filled with lead. At the present time such mutilated coins are scarce, and their disappearance is largely the result of this regulation and the refusal on the part of merchants and bankers to receive such coins. At one time the purchase by the United States Treasury of mutilated silver coins ran up as high as \$30,000 in a year, gradually decreasing to \$7,500 in 1895 and \$6,400 in 1896. At the present time very little of such coin comes in for redemption, and inquiries in regard to it are comparatively few.

The professed intention of this bill is to protect the small holder from loss, but it is believed that its effect would be exactly the reverse. The amount of loss being reduced to a small per cent, evil-disposed persons would have no difficulty in passing upon small traders and others coin which they had mutilated, and as a result the volume of such mutilated coin would largely increase. The small trader receiving it only in small amounts, too small to present to the Treasury for redemption, would be forced to the broker who would purchase at a considerable discount, and having accumulated an amount sufficient for redemption, would present same to the Treasury at its coinage value; and the only persons to be benefited would be the evildoer, who mutilated the coin and passed it upon an innocent person, and the broker who purchased it at a considerable discount.

At the present time silver coins of the United States are redeemed at their face value when not mutilated, although such coins may show considerable abrasion as the result of legitimate wear, so long as the denomination is discernible.

We attach a letter from the honorable Secretary of the Treasury

HENRY C. BREWSTER  
CHARLES W. STONE.  
R. H. CLARKE.  
H. C. LOUDENSLAGER  
W. G. HUNTER.  
J. H. SOUTHARD.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,  
*Washington, D. C., May 19, 189*

SIR: Referring to your letter of the 21st ultimo, inclosing H. R. bill No. 7707, entitled "A bill to maintain and protect the integrity of the coins of the United States" and requesting my opinion as to the propriety of the measure and any suggestions which I may care to make in relation thereto, I have the honor to state that I do think the passage of this bill advisable.

I know of no Government that redeems or pays the coining value for mutilated silver coins. It is right and proper that the person who mutilates a coin should suffer the loss as a punishment for such action. If this bill were passed, in my opinion, it would not benefit the innocent holders of mutilated silver coin, but inure the benefit of brokers who would purchase the same as bullion and then present the same for redemption at their coining value.

At present mutilated silver coins of the United States are purchased by the market at the current market price of silver bullion. The fact has become generally known to the public that the Treasury will not redeem a mutilated silver coin. This has resulted in preventing the mutilation, and the amount of mutilated coin presented for redemption is not nearly so great as formerly. The mere fact that the Government will not redeem such coin tends largely to stop the mutilation.

Respectfully, yours,

J. G. CARLISLE, *Secretary*

Hon. CHARLES W. STONE,  
*Chairman Committee on Coinage, Weights, and Measures,  
House of Representatives.*